

Bid Bond Forfeiture of Surety Bond, Cash or Other Security

Instrument

UDOT 08B-27

Effective: 08-26-83

Revised: 10-31-95

Purpose

The Utah Department of Transportation recognizes there are certain instances when it would be inequitable to require prospective bidders to forfeit amounts posted as security to guarantee a bid. Such security is usually posted in the form of a surety bond but may be in cash or other security instrument. This policy is for the purpose of defining the conditions which will justify relieving a bidder from the requirement to forfeit a bid security deposit.

Policy

It is the Policy of the Department of Transportation to provide a procedure whereby a prospective bidder can be relieved of the requirement to forfeit the bid security posted to guarantee a highway contract bid with the Department.

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Procedures

Bid Bond Forfeiture of Surety Bond, Cash, or Other Security Instrument

Responsibility: Prospective Bidder

Actions

1. Apply to the Department in writing and specify in detail the reason for seeking relief from bid security forfeiture. The written request must be submitted to the Department no later than ten (10) days from the date bids were opened. Such writing shall establish the following items as a minimum:
 - a. The proposed bid contains a significant mistake. Such mistake must be administrative or procedural in preparing or in filling out the proposed bid and not due to an error in judgment or to carelessness in inspecting the site of the work, or in reading the plans or specifications.
 - b. The mistake made the bid materially different than it was intended to be. For the purpose of this rule, "materially different" is defined as anything exceeding 10% of the intended total contract bid.

Responsibility: Engineer for Construction

2. Reviews the written request for relief and verifies the information provided. Decides to accept the request or forfeit the bid security based on the information provided by the Prospective Bidder.
3. Notifies, in writing, the Prospective Bidder, the Assistant Director of Transportation, and the Attorney General's Office of the decision.
4. Returns bid security, if appropriate.

Responsibility: Prospective Bidder

5. Accepts the decision of the Engineer for Construction.
6. Appeals the decision, in writing, to the Assistant Director of Transportation.

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Responsibility: Assistant Director of Transportation

7. Schedule a hearing with the Prospective Bidder and make a ruling based on the information provided by the Prospective Bidder and the Engineer for Construction.
8. Provides written notice of the ruling to the Prospective Bidder.